

The Domino Effect

Exposing the knock-on effects of consumer problems



**citizens
advice**

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Summary

Consumer problems are a common feature of everyday life. Each year, millions of UK consumers are affected by problems with goods and services which occur through no fault of their own. Citizens Advice has shown that consumer problems cost the UK economy £23 billion a year, with more than one in three (35%) people expected to face at least one consumer problem each year.¹ But the impact that these problems have on people's lives is often overlooked.

Building on our previous work, this report examines the knock-on effects of consumer problems - indirect and unintended consequences which cause harm in many aspects of people's lives.

Our research found that among people who experience consumer problems:

- One in seven (16%) faced severe financial impact as a result;
- More than a third (37%) felt more worried or anxious;
- One in six (17%) had to take time away from work; and
- More than one in ten (12%) suffered damage to their home or property.

Problems in essential markets - primarily energy, water and telecoms - are most likely to have knock-on effects. And while consumer problems affect us all, vulnerable consumers are more likely to experience harmful knock-on effects. More than half (56%) of people with a mental health condition said they felt worried or anxious as a result of a consumer problem. Financial costs hit those with lower disposable incomes or no savings hardest, with nearly a third (30%) experiencing severe financial knock-on effects.

As consumers, we spend more than £1.2 trillion on goods and services each year. Consumer problems are, to some extent, inevitable. It's therefore important that when things go wrong, people can get their problems solved quickly and easily. The longer the problem continues the more it impacts on people. A quarter (25%) of consumers waited more than a month to get their problem resolved. This group are twice as likely to report severe financial impacts as those who wait less than a week (20% and 9% respectively) and three times more likely to say they found it more difficult to manage day to day (15% and 5% respectively).

We know that existing consumer rights & legislation are insufficient as they stands. Only a third (36%) of consumers said their problem was resolved to their satisfaction, whilst a further 28% said it was only resolved after a long struggle.

¹From [Citizens Advice \(2016\) Consumer detriment: Counting the cost of consumer problems](#). 35.3% of UK adults faced one or more consumer problems in 2015.

Inevitably, the imbalance of power and resources that exists between businesses and their customers means that the odds are often stacked against consumers. And when consumers do not have the power to get redress, companies get away with providing poor quality goods or substandard services with no fear of repercussions.

This is obviously bad for consumers. Without clear and accessible routes to redress, people end up bearing the costs of consumer problems themselves - whether it's through worsening financial situations, harm to their mental health, or significant disruption to their work and lives. But it's also bad for consumer markets. Being able to overlook or minimise the costs of consumer problems reduces incentives for companies to innovate and improve, harming efforts to increase productivity and efficiency.

The Government should use the upcoming consumer Green Paper to put power back into the hands of consumers and help make markets work for ordinary people. We recommend two approaches which would reduce the incidence of consumer problems and help to shift the burden of responsibility away from individual consumers when problems do occur:

1. Simplify and improve processes for resolving consumer problems

In unregulated markets, people who spend time and energy seeking compensation can be left with nowhere to turn when companies are unresponsive or their complaint processes are complex and opaque. At the same time, in many markets, the financial and time cost associated with pursuing a claim for compensation means that many consumers are simply not claiming the redress they are due. We recommend:

1. Extending mandatory Alternative Dispute Resolution (ADR) across all consumer markets.
2. Extending automatic compensation to all essential markets where this is possible and practical to do so.

2. Strengthen and join-up the consumer advocacy landscape

The landscape for consumer advice and advocacy is uneven and inconsistent. Consumers need strong, joined-up representation which can act as a counterbalance to narrow sectoral interests and help reduce the incidence and severity of consumer problems. Without this, consumers risk having their problems overlooked, while businesses lose out on information which would help drive cross-sector improvements. In particular, the government should:

- Establish a dedicated advocate for telecoms consumers, to reflect how essential broadband and mobile services are to people.

Part 1 - The scale of consumer problems

Consumer problems are a familiar feature of everyday life. Each year, millions of UK consumers are affected by problems with the goods and services they buy which have occurred through no fault of their own. The issues people face range from being sold damaged or faulty goods, to receiving unwarranted charges or receiving a poor quality service.

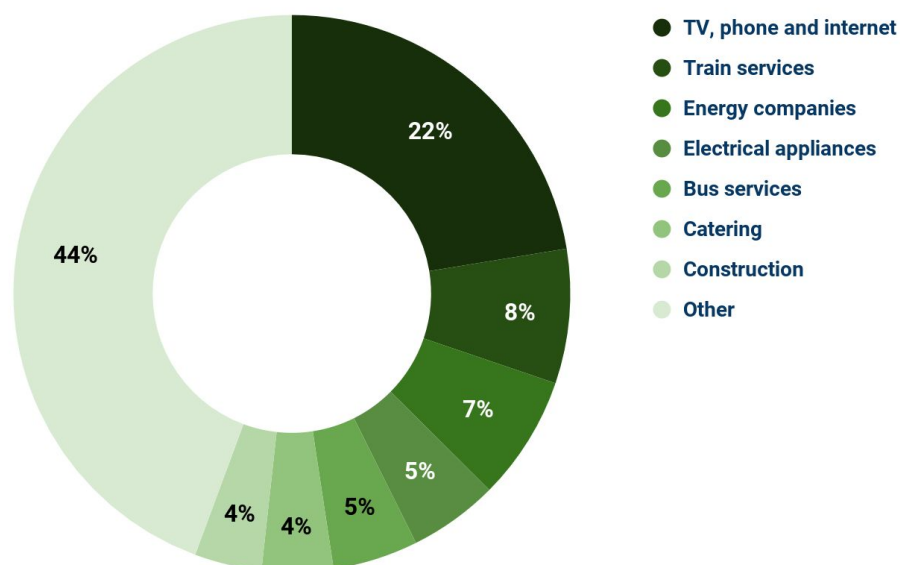
Last year, Citizens Advice research revealed that more than 123 million consumer problems occur each year, affecting at least 18 million people. UK consumers lose 1.2 million hours per year as a result of consumer issues, equating to around 22.5 hours per person. Consumer problems cost a total of £23 billion to the economy in 2015 - working out at 2% of total consumer spending.²

Common consumer problems

The most common consumer problem experienced by people in the UK are issues with telecoms, accounting for 22% of all consumer problems. These problems cost consumers an average of £80 per problem - adding up to a total cost of £2.2bn per year.

Figure 1: What are the most common consumer problems?

Total UK consumer problems by industry



Source: Citizens Advice (2016) *Consumer detriment: Counting the cost of consumer problems* (Base 1613 respondents)

²All figures are from [Citizens Advice \(2016\) Consumer detriment: Counting the cost of consumer problems](#)

Though less frequent, due to their high value nature, problems with construction and home maintenance account for more than two-thirds (42%) of the overall cost of consumer problems - a total cost of £8.2bn,

Across industries, consumers face a variety of different problems, from being sold faulty goods to being charged the wrong amount. Receiving poor quality service is by far the most common kind of problem people report, accounting for 45% of all consumer problems. Additionally, 14% of problems result from a failure to provide an item or service and 12% of problems stem from mistakes in the prices charged by traders.³

Impact on consumers

At Citizens Advice, we see the knock-on effects of consumer problems every day. Last year, our Consumer Service helpline dealt with nearly 500,000 cases of people reporting consumer issues or looking for information about how to resolve them. Local Citizens Advice offices provided face-to-face support to 118,000 clients with more than 268,000 issues with utilities and consumer goods over the same period. Information pages dealing consumer goods and services on the Citizens Advice website were viewed more than 8 million times last year - making it the third most viewed topic on our advice pages.

Our work helping clients resolve consumer problems gives us insight into the significant detriment these issues often have. Though financial loss is frequently a major concern, our clients are affected by broader issues too; worry about taking time away from work, stress and frustration at not being listened to, and isolation. While these will sound familiar to people who have experienced consumer problems, the impact on consumers is rarely quantified.

In order to explore the impact on consumers, we conducted a programme of quantitative and qualitative research. The data used in this report comes primarily from:

- A survey of 5,168 British adults, conducted by DJS Research
- Case study interviews with seven people who had recently experienced consumer problems

More information on the methodology is available in the Appendix.

³All figures are from [Citizens Advice \(2016\) Consumer detriment: Counting the cost of consumer problems](#)

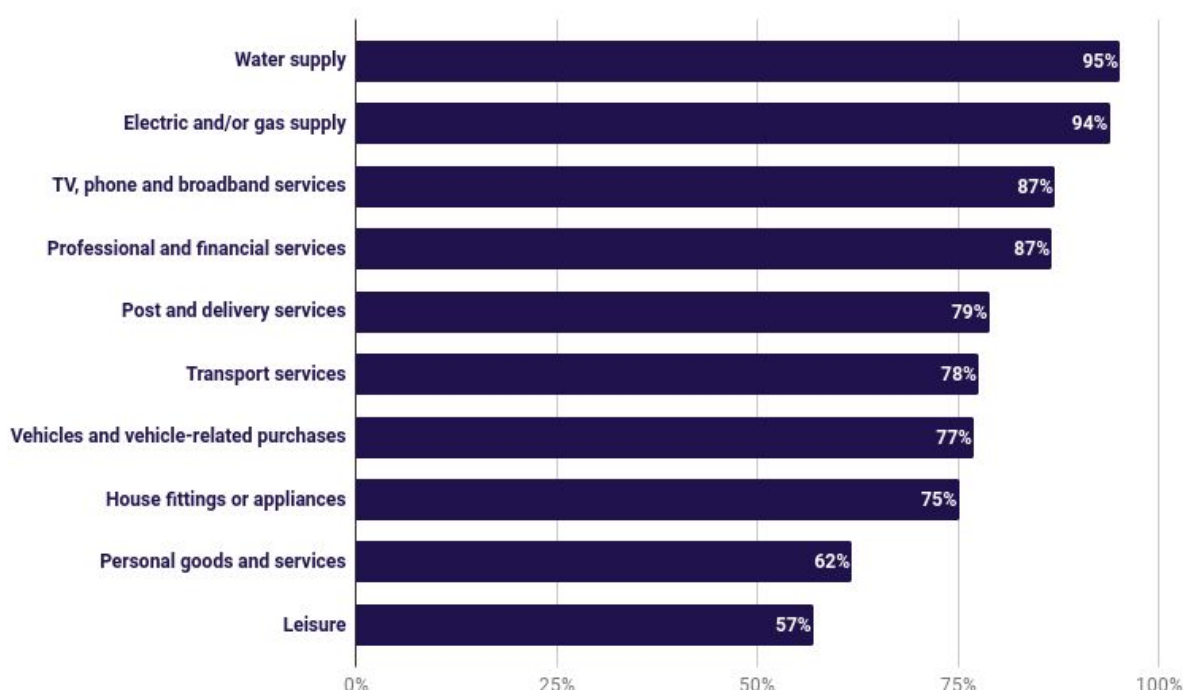
Part 2 - The knock-on effects of consumer problems

Consumer problems have a disruptive impact on people's lives. Of those who experienced a consumer problem in the past 12 months, nearly eight in ten (78%) experienced some form of knock-on effect. The impact ranges from having to send emails or take calls at work, to having to temporarily move out of home or take on debt.

Figure 2 shows that problems in essential services that we all rely on - energy, water and telecoms - are most likely to have a disruptive impact on people's lives. Problems with financial services, post and delivery, and transport also have a high likelihood of causing knock-on effects.

Figure 2: Which consumer problems commonly have knock-on effects?

Proportion reporting specific knock-on effects as a result of a consumer problem



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Consumers cannot just walk away from these problems. Energy and water are essential for day-to-day living. Problems with broadband or mobiles phone leave us cut off from services we use on a daily basis - government services, banking, and work or education resources. While problems with services like post or transport may be peripheral to some, for consumers in rural areas or small business owners they can mean losing business or being unable to get to work.

The remainder of this section will look at the range of knock-on effects consumers experience. In data gathered from advice sessions, we found that clients commonly faced knock-on effects on their finances, work, and emotional wellbeing, as well as problems associated with damage to their home or property. Our survey of consumers looked a variety of possible impacts within each of these area.

This report looks at the consumer markets where knock-on effects are most frequent, with essential markets nearly always emerging as being most likely to cause detriment for consumers. The report also looks at which groups of consumers are most likely to feel the impact of different types of knock-on effect.

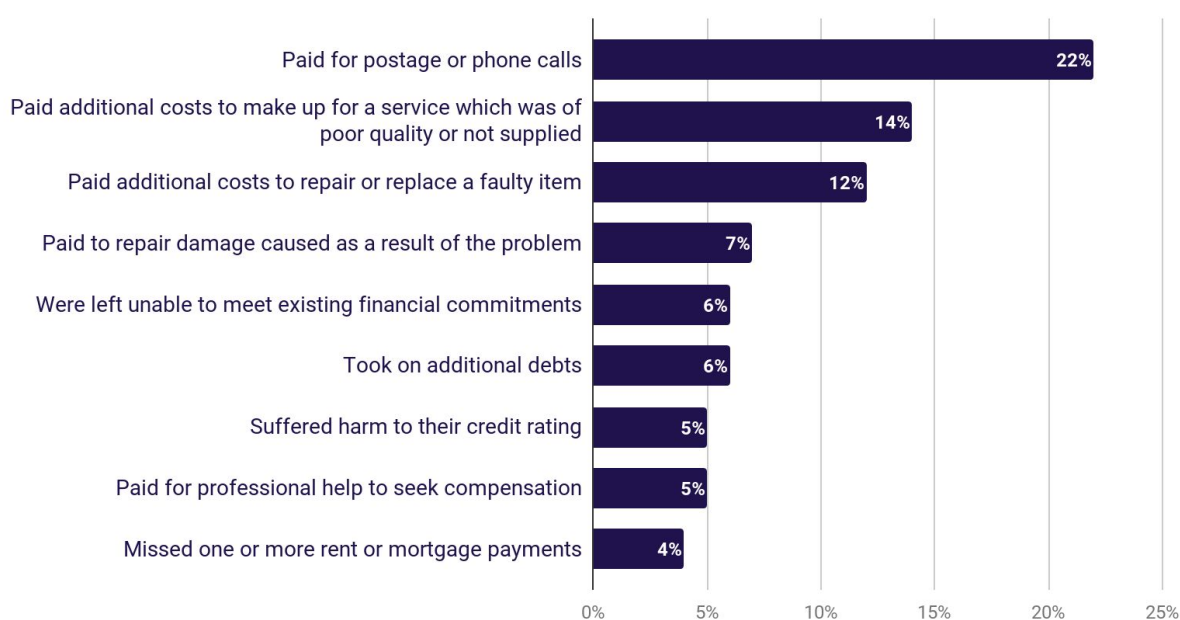
Financial impact

Consumer problems are often costly. People who are sold faulty products may have to pay to repair or replace them, and/or cover the cost of any damage caused. In addition, there can be costs attached to trying to resolve the problem itself.

More than half (56%) of respondents said their consumer problem had cost them money. The most common costs incurred are paying for postage or phone calls (22%). Other common knock-on effects are having to pay extra costs to make up for poor service (14%) and paying to replace or repair the faulty item (12%).

Figure 3: What are the financial knock-on effects?

Proportion who reported financial costs as a result of a consumer problem



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

One in seven respondents (16%) had experienced a more severe financial impact. In our analysis we categorised the following as severe financial knock-on effects:

- being unable to meet existing financial commitments;
- taking on additional debt;
- harm to a credit rating; and
- missing one or more housing payments.

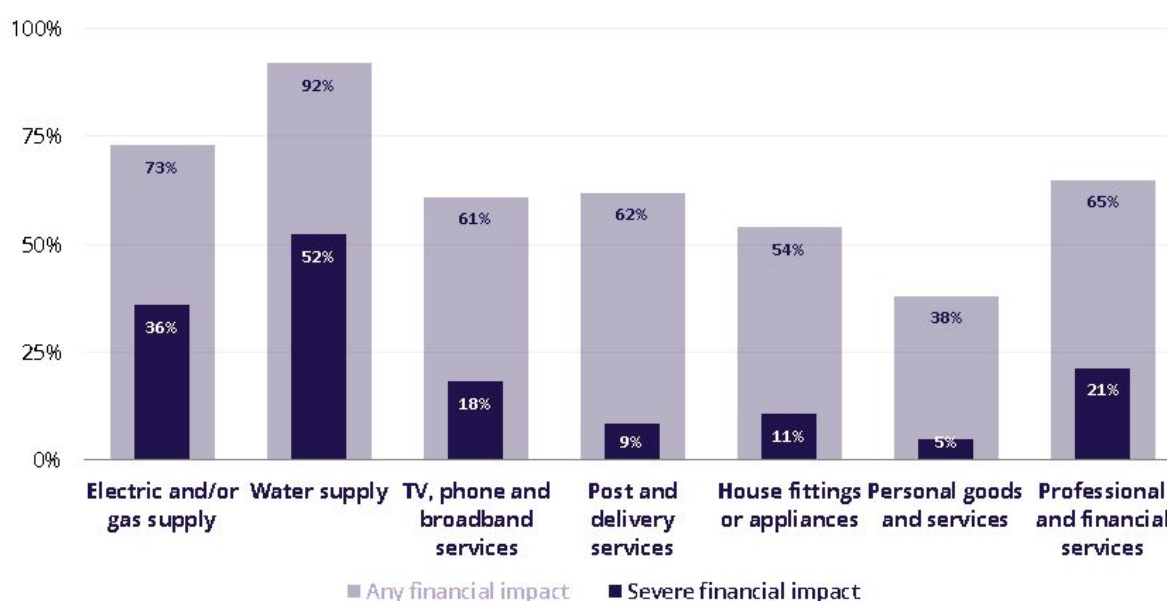
What kind of problems are costing people money?

Problems with energy or water suppliers are most likely to result in additional costs for consumers. Approaching three-quarters (73%) of energy consumers and more than nine in ten (92%) water consumers who experience problems end up paying extra costs.⁴

Consumers are three times more likely to face severe financial harm as a result of problem with their water supply (52% compared with 16% of consumers overall). A third (36%) of people experiencing problems with their energy supplier face severe financial harm.

Figure 4: Financial impact of consumer problems in different markets

Proportion reporting any financial impact and severe financial impacts



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Problems with professional and financial services are also frequently costly, with almost two-thirds (65%) of consumers facing a financial impact, and one in five (21%) being severely affected.

Who is most at risk?

Consumer problems are just as likely to cause financial knock-on effects for higher income households as lower income households. To absorb these costs, people may have to use their savings, cut back their spending or borrow money,

⁴ It is likely the extra costs incurred due to problems with water are as a result of damage to property from leaks or flooding.

either from family or from credit providers. One participant described how she managed to cope with the large upfront cost caused when she received a poor quality service from her plumber.

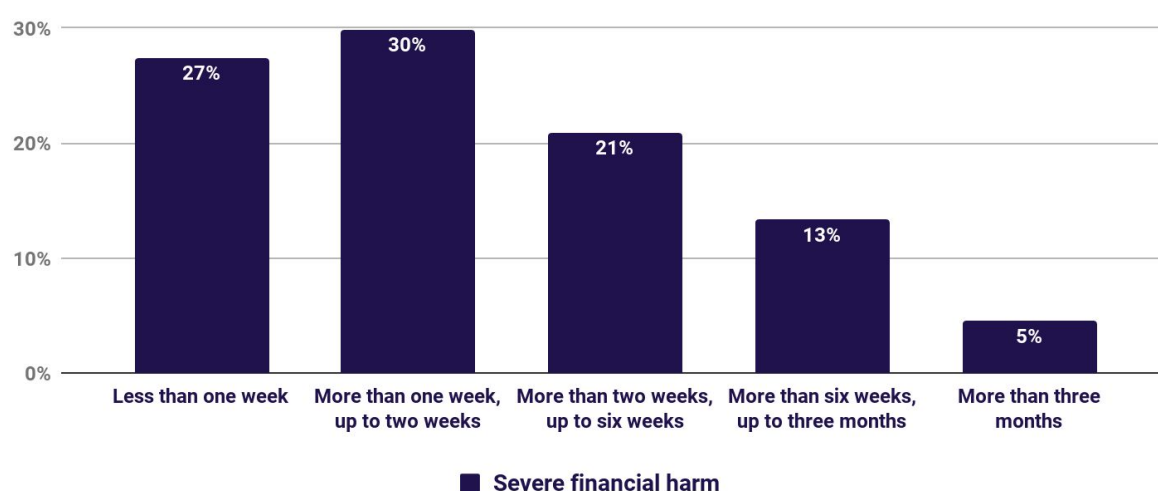
"I've had to cut back some of my spending, I've had to borrow from my parents, and even my boss considered giving me some salary up front to see me through" **Becky**

Figure 6 shows that people with savings or access to credit are better able to absorb costs of consumer problems. This means that while higher income households tend to be more exposed to higher value consumer problems such as construction or professional services, they may be better able to cope when things go wrong.

However, households on lower or middle incomes may be less able to manage the 'financial shock' that consumer problems can bring. Where households lack financial resilience - the capacity to cope with income shocks or unexpected spending - consumer problems can cause long-lasting, significant financial harm. Approaching a third (30%) of respondents who said they could last between one and two weeks without their main source of income had experienced severe financial harm as a result of their consumer problem. This compares with just 5% of those who say they could last for three months or more without their main source of income.

Figure 5 - Severe financial harm by resilience

Proportion reporting severe financial detriment by how long respondents could meet essential costs without their main source of income



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Case study - Buying a faulty used car

Rachel bought a used car from a dealership to replace the car she had on finance. She had borrowed money from her family to pay the upfront price of £2,300, and was hoping this would work out cheaper in the long run than paying £291 each month in car finance payments.

After she bought the car, she got an independent garage to check it over. She was told it would need around £4,500 of work to make it roadworthy. Rachel immediately contacted the dealership to return the car as she was within 30 days of purchase and was entitled to a full refund. However, the dealer did not answer her calls until after the 30 day period had passed.

Rachel wrote to the dealership to complain that she had not been able to claim her refund and request compensation. As they had already been uncommunicative and reluctant to provide a refund, she also contacted the Motor Ombudsman hoping to use an alternative dispute resolution (ADR) scheme. However, as her dealership was not signed up to an ADR scheme, she was unable to proceed with this. *"I didn't know where else to turn"*. Rachel has been given the option of selling the vehicle back to the dealer for £700 or its price at auction, or pay for repairs herself.

Rachel has four young children and works on an industrial estate which is 45 minutes away and difficult to reach by public transport. She has therefore had to hire a car for a month at a cost of £400 and, after this became unaffordable, started taking a taxi to and from work at a cost of £20 per day. *"I don't have a car. I can't get around. I'm struggling to be able to afford to get to work"*.

As this money was originally intended for christmas presents for her children, she has had to borrow a significant amount for this purpose on her credit card. *"I've got four kids. They all go to school, they all need pack-lunches, they all need dinner money, school trips. I haven't been able to give them any of that."*

The longer she is unable to repair or replace her car, the more her costs increase. As she is not able to access a non court-based solution, she is currently looking at whether to pursue the matter in a small claims court.

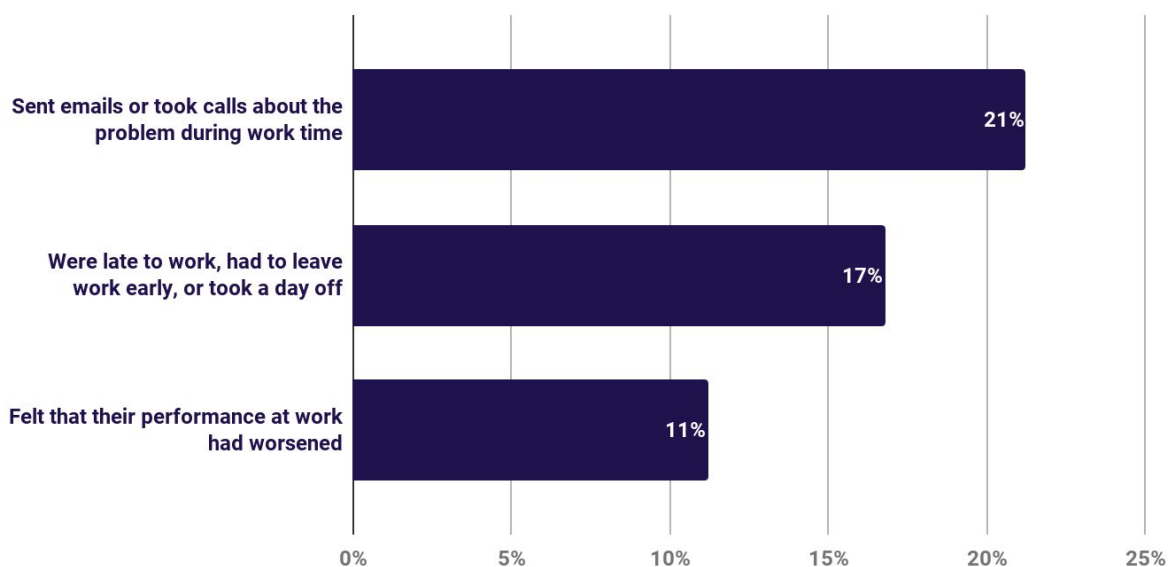
Impact on employment

Consumer problems are disruptive. They take time and effort to resolve, which can mean people have to take time out of work to do this. Where they affect the technology we use everyday - mobile phones, computers and broadband - it becomes more difficult for people to go about their daily lives. Among self-employed people or those who work from home, this type of problem can have a serious impact on work or business.

Two in five respondents (40%) said their consumer problem had a knock-on effect on their work. Of these, a fifth (21%) had to send emails or take calls during working hours, one in six (17%) had to take time away from work, and more than one in ten (11%) felt their performance at work had worsened as a result of the problem.

Figure 6: What are the knock-on effects for people's work?

Proportion who reported negative effects on employment as a result of a consumer problem



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

What kind of problems affect people's work?

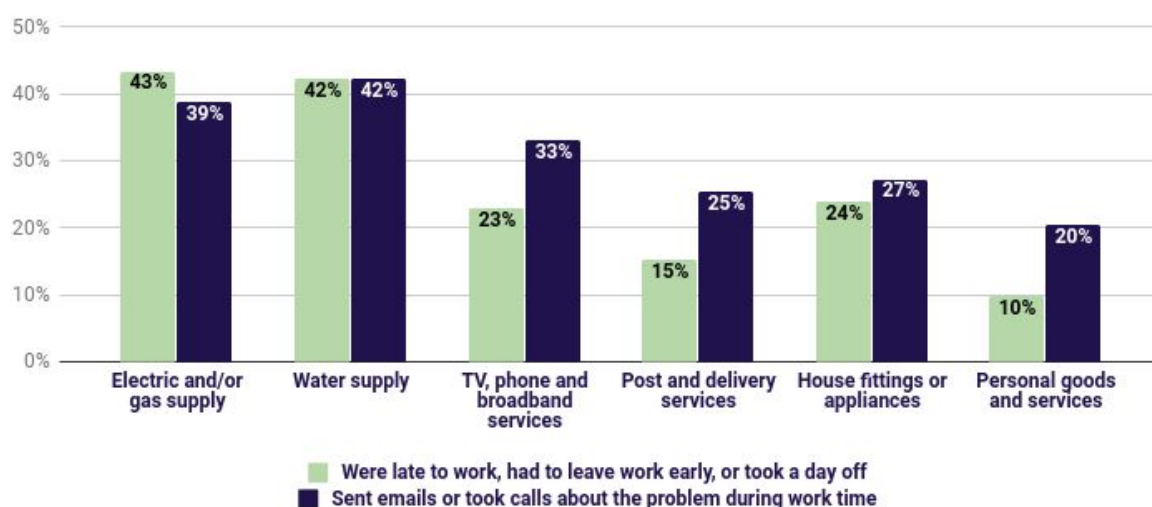
Getting a consumer problem resolved can mean people have to make calls or send emails within work time, or arrange to be home at a certain time e.g. to allow access to an engineer or technician. For people who don't have a lot of flexibility in their working hours, or who can't make personal calls or send emails at work, this can mean having to take time off work.

Problems with energy and water suppliers are most likely to have an impact on people's working lives. More than two in five consumers facing problems with

these services (43% and 42% respectively) had to take time off from work as a result. Almost as many report having to send emails or take calls during work time.

Figure 7: Impact on employment across different markets

Proportion reporting knock-on effects for employment across markets



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Many of our participants said the time they spent addressing a consumer problem took longer than it should have, due to difficulties getting in contact with the company. Several people described phone calls where they were repeatedly put on hold for long periods. In some cases, where companies were initially unresponsive, participants had to make multiple calls over several days or weeks, often having to describe their situation several times.

"It was the fifth time I called them... I wasted a lot of my time. Because every time you need to wait 45 minutes to 1 hour and you can imagine of course... you are angry...irritable... in all this time." Bruno

Who is most affected?

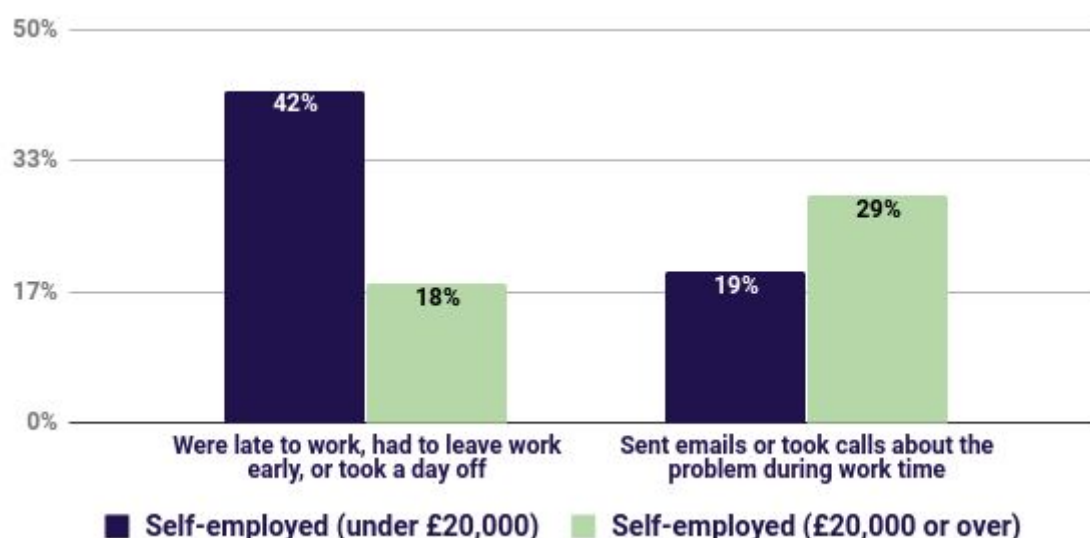
As may be expected, people who work full-time are significantly more likely to have their consumer problems impact on their work than those who work part-time (55% and 44% respectively). Those on lower incomes are also more likely to experience an impact on their work - a third (33%) of full-time workers with a household income of less than £20,000 said they had to take time out of work (compared to 17% overall). This may be partly due to many lower-paid

workers having less flexibility over the hours they work, and being less able to make calls or send emails from work.

However, the most substantial impact is to self-employed people on a low income. More than two in five (42%) self-employed people earning less than £20,000 have had to take time off work to sort out a consumer problem.

Figure 8: How are self-employed consumers affected?

Proportion of self-employed respondents reporting impact on employment, by household income



Source: Responses from 193 self-employed people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Self-employed people with a household income of under £20,000 are more than twice as likely to have to take time out of work to sort out these problems than self-employed people on higher incomes. As people who are self-employed are generally not paid for time they take out of work, consumer problems can lead to significant stress and a loss of earnings. Moreover, these problems are likely to be exacerbated where problems take a long time to resolve.

Case study - Internet connection problems

Before moving house, Bruno contacted his internet provider to arrange installation. As he is self-employed, Bruno relies on the internet to work from home. He therefore arranged to move just before his internet was installed. Bruno was informed by an engineer after the initial set up that his colleague would visit later to complete the installation, but no one came. His internet provider claimed this was due to an issue with the supplier cables, and not their responsibility.

After waiting 15 days for a resolution, Bruno called his provider to cancel his contract. When he opened a complaint, he was promised that if he closed the complaint and remain a customer with them, he would receive three months free service and have his installation completed within a week. The operator informed him they would call the next day to confirm the details.

Having waited for two days without a call, Bruno called his internet provider again and was informed that they had no record of him having a contract open with them. Over the next week, Bruno was repeatedly put on hold and had to recount his situation several times as the provider failed to resolve the problem or call him back within promised timescales. Not being native to the UK, Bruno was unsure where to turn for help. *"I was desperate... I am not English so I don't know where to go"*. A friend suggested that he contact the Ombudsman who directed him to CISAS - an Ofcom approved dispute resolution scheme.

During this period, Bruno had to delay a lot of his work and was not able to bank or order essentials online. Bruno and his partner also had their first baby during this time, meaning they were more reliant than usual on the internet to access resources and check medical issues concerning their newborn. The stress of the internet problems coupled with the exhaustion of looking after a newborn left them both feeling irritable and anxious. Bruno felt isolated throughout the process as he didn't know who he could to speak to. *"I felt really alone, because I didn't know where and who to speak with... I was completely alone."*

Bruno sought compensation and an apology from his original provider. When they agreed to meet these requests, CISAS closed the case. However, at the time we spoke with Bruno he still hadn't received compensation, an explanation or an apology for his ordeal.

Impact on health and wellbeing

Consumer problems are often stressful. In addition to the initial problem itself, coping with the knock-on effects and working to get the problem resolved can be emotionally draining. In some cases, consumer problems have a very real impact on people's physical and /or mental health.

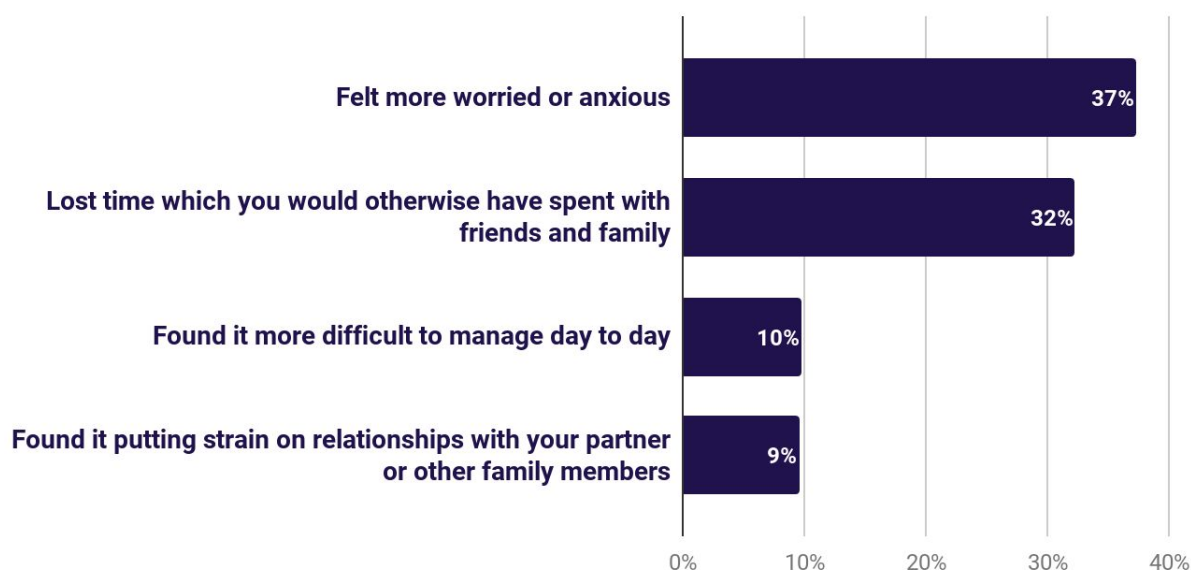
One in twenty (5%) said that their consumer problem had resulted in a worsening of their physical health. In some cases an existing health condition was worsened by the problem - particularly where it affected their living conditions. For example, one participant described how flooding resulting from poor quality plumbing work was exacerbating her asthma.

"Everything was damp which was making my chest worse and then obviously when all the flooring work came up obviously there was dust everywhere and it was affecting my health" **Becky**

Consumer problems more commonly affect people's wellbeing and, in some cases, have a negative impact on their mental health. Just over one in ten (11%) respondents said their mental health had worsened as a result of their consumer problem.

Figure 9: What are the knock-on effects for wellbeing?

Proportion who reported negative impacts on wellbeing as a result of a consumer problem



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Figure 10 shows that a over a third (37%) of respondents said they felt more worried or anxious as a direct result of the problem. Furthermore, almost a third (32%) said that they lost time that they would otherwise have spent with friends

and family as a result. One in ten (10%) said they found it more difficult to manage from day-to-day and the same proportion said the problem put strain on their family relationships.

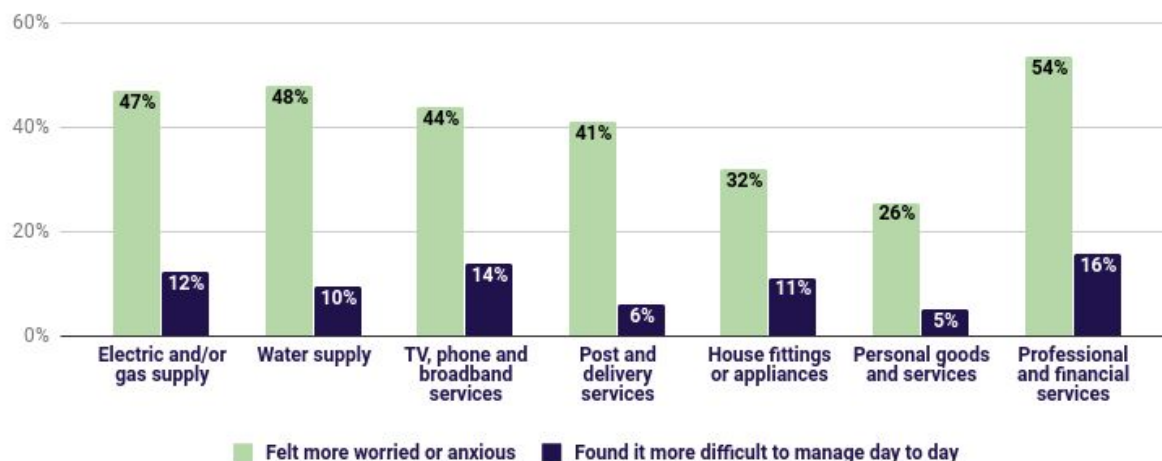
What types of problem affect people's wellbeing?

Problems with professional and financial services are most likely to have a negative impact on wellbeing. More than half (54%) of consumers facing this type of problem said they felt more worried or anxious as a result and 16% found it more difficult to manage day-to-day. This may be due to problems in this sector often being high-value, which can lead to significant financial costs for consumers.

Problems in essential markets are also most likely to have a negative impact on people's wellbeing. Nearly half of consumers experiencing a problem with their energy or water supply felt more worried or anxious as a result (47% and 48% respectively), and almost as many who experienced a problems with telecoms or post (44% and 41% respectively) felt this way.

Figure 10: Impact on wellbeing across different markets

Proportion reporting knock-on effects for their wellbeing across markets



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

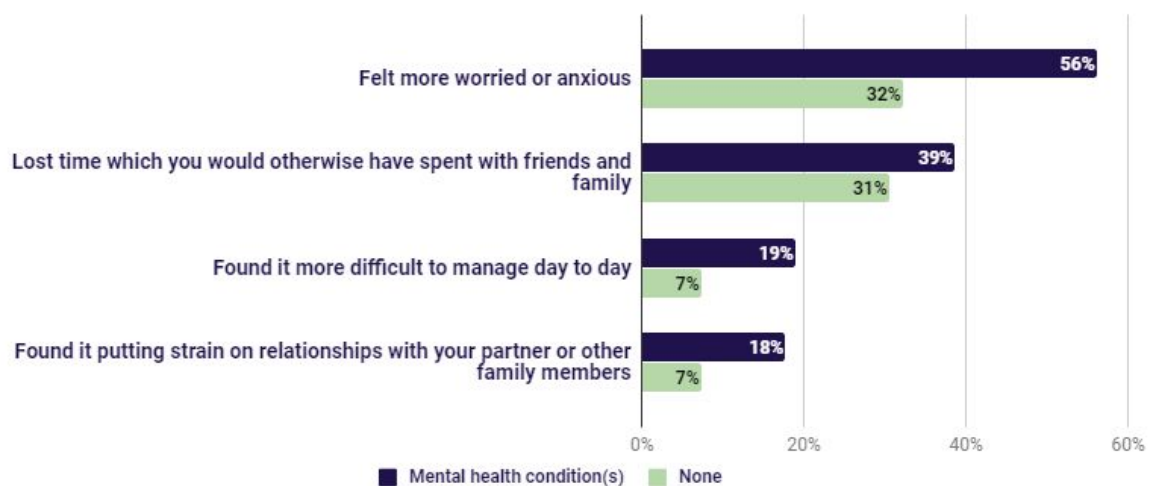
In particular, people experiencing problems with telecoms were most likely to say they found it difficult to manage day-to-day (14%), potentially reflecting how essential broadband and mobile phones have become to people's everyday lives.

Who is most likely to feel the impact?

People who have experienced a mental health condition within the past 12 months are more likely to report that their consumer problem had a negative impact on their wellbeing. More than half (56%) of people with a mental health condition said they felt more worried or anxious, compared with 32% of those without a mental health condition. People with mental health conditions were also more than twice as likely to say the problem made it more difficult for them to manage day-to-day (19% compared with 7% of those who did not report mental health difficulties).

Figure 11: How are people with mental health difficulties affected?

Proportion reporting knock-on effects for their wellbeing



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Many of the people we interviewed said their consumer problem left them feeling stressed or anxious. Some had lost sleep worrying about the problem. One participant described how she had been preoccupied with the problem for a long time, leading to increased levels of anxiety.

*"This has been at the forefront of my mind for 14 weeks... I got quite down about it and frustrated and would cry a lot on the phone to my dad" **Becky***

Although bases sizes are small, our data indicates that people with less common mental health conditions including psychosis, schizophrenia, bipolar disorder or personality disorder - were most likely to see their condition worsen as a result of a consumer problem. They were also most likely to experience anxiety or find it more difficult to manage day-to-day.

Case study - Fitting a stairlift

Mary had recently had an accident and needed a stair lift fitted in her home. As she couldn't afford a new one (which would cost c. £15,000), she contacted a company in order to buy a reconditioned one. She paid out £8,000 as a deposit, four months ago. However, no one has been to fit a stairlift - despite having made an appointment to do so. They've done some initial work which has left a hole in her floor and damage to the ceiling below.

They claim they can't fit the stairlift until they get a refurbished one, and they can't say when that will be. They say Mary signed a contract to say that she was aware this was the case.

Over the past four months Mary has tried hard to get the problem resolved. She has phoned the company many times but they've been very unhelpful *'I've had umpteen goes at getting through'*. She has also emailed them on multiple occasions, and has sent them a letter of complaint. She's phoned Trading Standards for advice on going through the Small Claims process too. The problem has not been resolved and she says she doesn't know who can help or where to turn to next.

She's considering going through the Small Claims Court, but: *'I'll still have to pay £250 [to go through Small Claims], and I've still got a hole in the floor, and the ceiling in the room below is a mess'*.

The process has made her feel *'disillusioned, frustrated, helpless and stressed'*, as well as *'vulnerable'* - something she has never considered herself to be before. She is extremely upset by the ordeal. It's had a huge impact on day-to-day life. Aside from the distress, she's still unable to get up or down stairs, so has been having to stay in a static caravan, so that she can shower *'but it's December and it's getting too cold for that now'*.

Because Mary lives alone, she has no one to immediately turn to. As well as impacting on her finances, mental and physical health, it's affected her social life and wellbeing: *'I don't want to see people. They keep saying to me 'haven't you got it sorted out yet?' and I'm so cross with myself'*, which has resulted in her becoming increasingly isolated.

She is now planning to visit her local Citizens Advice, with a copy of her correspondents and other paperwork to explore her options.

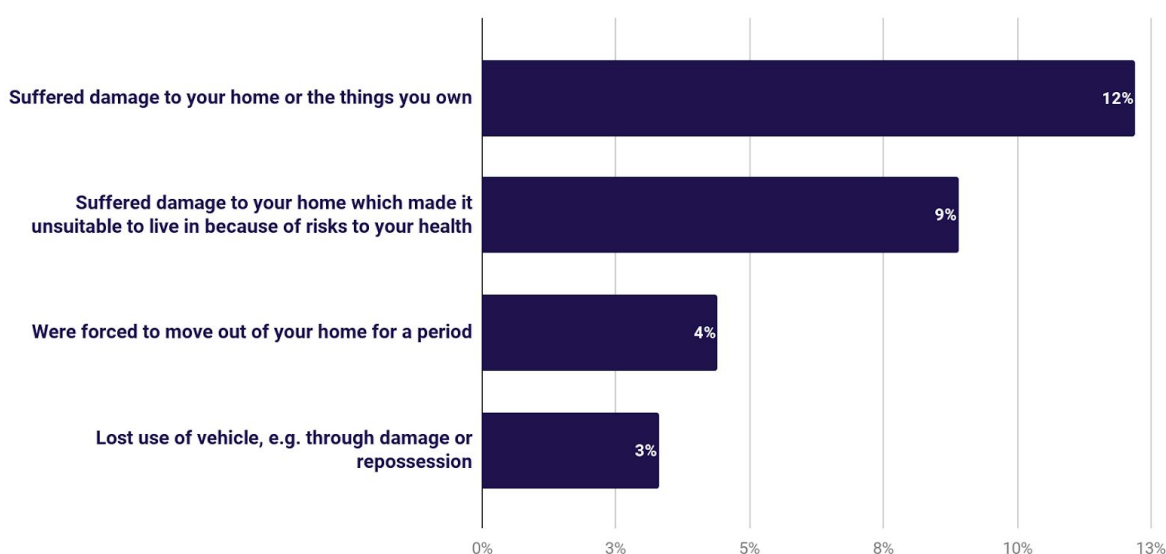
Damage to housing or property

Consumer problems are damaging. Knock-on effects on housing and property are less common than other types of impact but the effect they have on people's lives can be particularly distressing and can leave people struggling to cope for longer periods of time.

More than one in ten (12%) consumers have suffered damage to their home or the things they own as a result of their consumer problem. For 9% of respondents, the damage has resulted in their home becoming unsuitable to live in.

Figure 12: What are the knock-on effects for housing or property?

Proportion who reported damage or loss of property as a result of a consumer problem



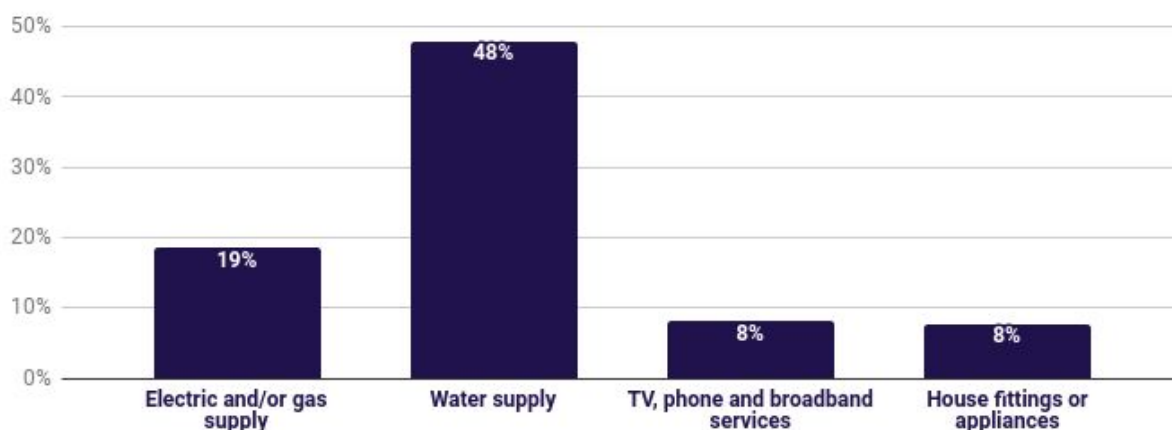
Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Which problems are most likely to cause damage?

Problems with energy or water supply are most likely to lead to damage to housing or property for consumers. Nearly half (48%) of people who faced problems with their water supply said it left their home unsuitable to live in, and one in five (19%) of those experiencing a problem with their energy supply said the same.

Figure 13: Impact on housing across different markets

Proportion who reported damage to their home which made it unsuitable to live in



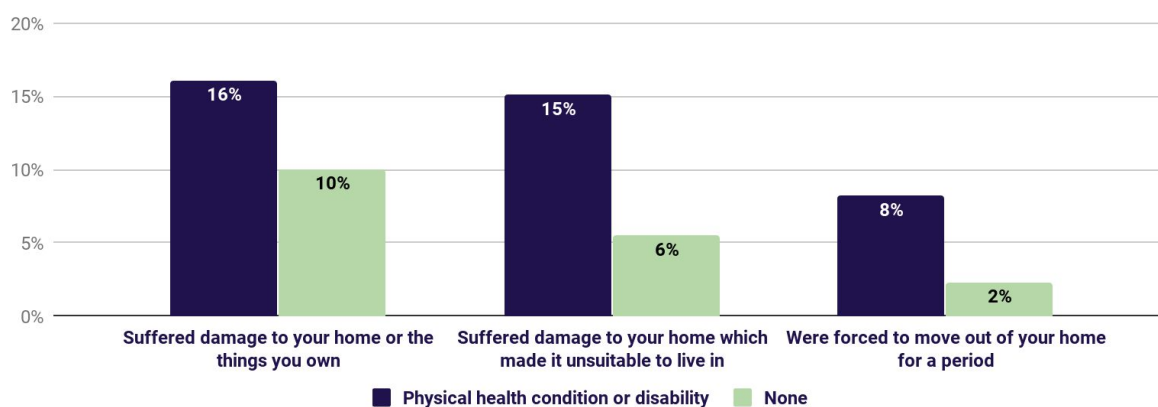
Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Who is most at risk?

People with a long-term health condition or disability are more likely to feel the knock-on effect of their consumer problem on their housing. This group were more likely to report damage to their home or the things they own as a result of a consumer problem (16% compared with 10% amongst those with no health condition or disability). People with a physical health condition or disability are also four times more likely to have had to move out of their home for a period because of a consumer problem (8% vs. 2% with no disability or health condition).

Figure 14: Physical health and impact on home or property

Proportion of respondents reporting an impact on their home or property by physical health



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Case study - Plumbing problems

Some time after having a new shower installed, Becky noticed water gathering on her bathroom floor. She hired a plumber who assessed the problem as being a worn out seal around her bath. The plumber returned another day to replace it at a cost of £152.

Three weeks later, Becky returned from holiday to find her floors were flooded. *"The amount of things I had to throw away because they were ruined"*. This time, she called two different plumbers who identified the problem as being a crack in her bathtub and an uncapped pipe which was leaking water. They said it should have been picked up by the plumber who visited previously.

Following this, Becky wrote to the original plumber to ask for a refund for the seal replacement and compensation for the damage caused to her home. She waited for the two week period set out in the company's complaints procedure, but didn't hear back from them within the agreed timescales.

The flood caused significant damage to Becky's home and severe disruption to her life. The floors were taken up whilst the house dried out, at a cost of around £4,000. During this time, she had to move out of her home as the floors became dangerous to walk on, her water supply was cut off, and the dust from repairs aggravated her asthma. *"It's just miserable living like that. Especially now in the winter when it's cold as well"*.

Becky stayed in a hotel for nine days, at a cost of £700, and was forced to do laundry at her place of work. Whilst she was able to pay for some of the upfront cost, she was also forced to borrow money from her father to pay her expenses. *"It's embarrassing. I'm very independent... I've never really had to rely on people for things like that before"*.

Whilst this was happening, Becky was chasing the company to get a response. During phone calls, she was repeatedly put on hold and then had to explain the details several times to different people. Eventually, Becky was given a named contact and a direct telephone number which made it easier to contact them. However, after 14 weeks of waiting, Becky has not received a definite response from the company in question and has yet to be paid any compensation.

Part 3 - The effects of poor problem resolution

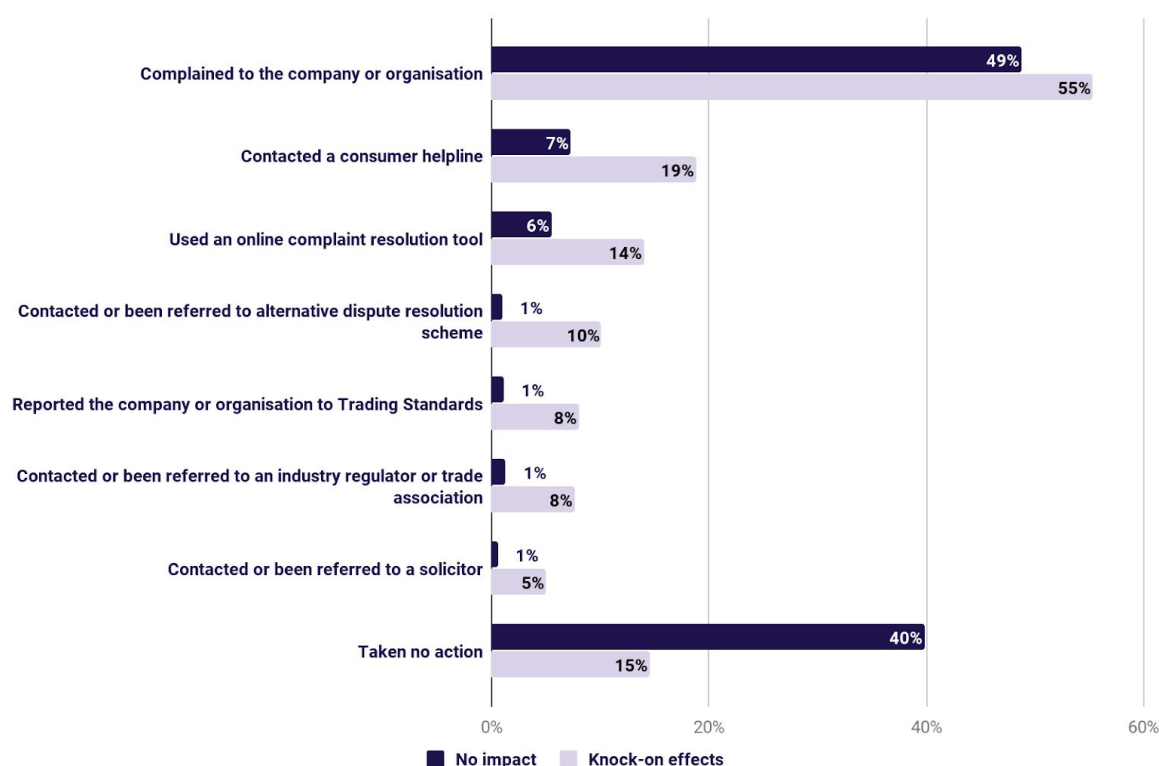
The knock-on effects discussed in this report are often caused as much by the process of trying to get the problem resolved as by the problem itself. Without timely resolution, consumer problems can cause even greater disruption and lead to escalating costs for those who experience them.

What action do people take when faced with a consumer problem?

We found that four in five people (80%) who experienced a consumer problem over the past year took some kind steps to get it resolved. However, a significant minority (15%) of people who experienced a knock-on effect *had not taken any* action. As revealed in previous research by Citizens Advice, retirees and people with lower levels of education were less likely to take any action to seek redress.⁵

Respondents were much more likely to have taken steps to get redress when they had experienced knock-on effects as a result of the problem (85% compared with 60% who had not reported knock-on effects).

Figure 15: What steps do people take to get consumer problems resolved?
Proportion taking action as a result of their consumer problem by impact of problem



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

⁵ [Citizens Advice \(2016\) Consumer detriment: Counting the cost of consumer problems](#)

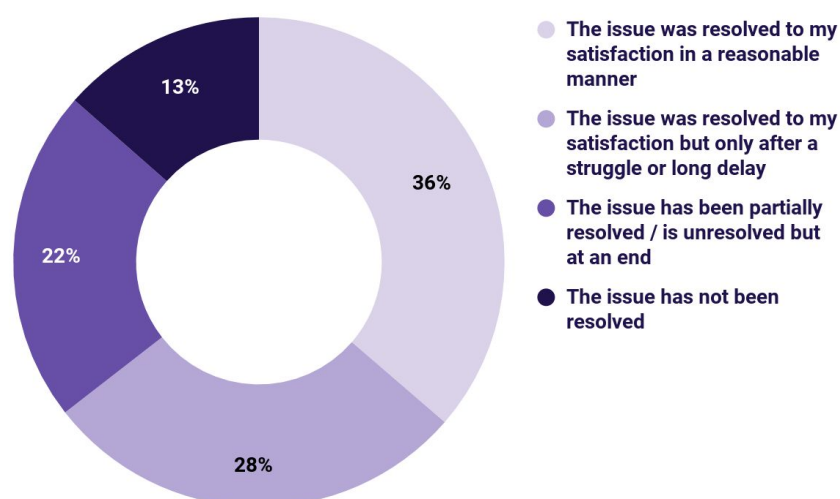
Of those who experienced a knock-on effect, and *did* take action, complaining to the company or organisation was the most likely course of action taken (55%), followed by contacting a consumer helpline (19%), and using an online complaint resolution tool (14%).

How often are problems resolved to consumers' satisfaction?

Although most respondents took steps to get their consumer problem resolved, fewer than two in five (36%) said the problem was resolved to their satisfaction and 'in a reasonable manner'. A further 28% say their problem was resolved, but only after a 'long struggle or delay'. More than one in five (22%) said the problem was 'partially resolved or not satisfactorily resolved', while for more than one in ten (13%) the issue was 'not resolved at all'.

Figure 16: How often do consumer problems get resolved?

Outcome of consumer problems



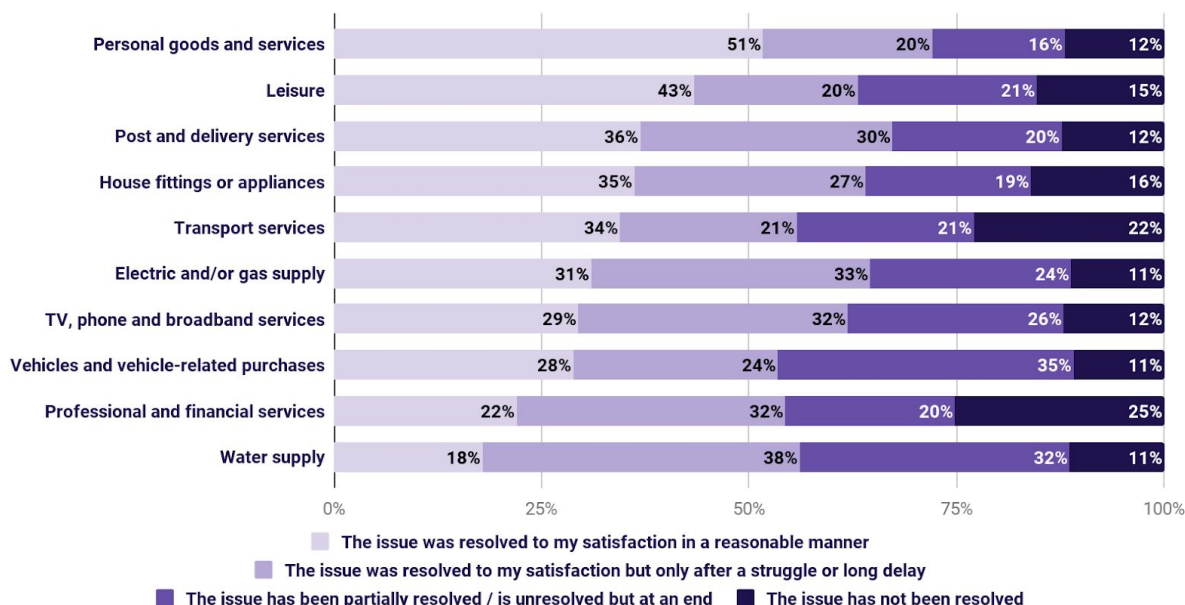
Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

The following chart shows that across different markets, issues with personal goods or services and leisure purchases are most likely to be resolved 'in a reasonable manner' (51% and 43% respectively). By contrast, fewer respondents said that problems in essential services had been successfully resolved. Less than a third (31%) of consumers with energy supply issues, and 29% with telecoms issues had their problem resolved satisfactorily.

Only 18% of those with water supply problems saw this successfully resolved. Consumers facing problems with their water supply are most likely to report a struggle or a long delay in getting redress (38%).

Figure 17: Problem resolution across markets

Outcome of consumer problems across different markets



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Our findings also suggest that people who experience some of the most severe harm or disruption to their lives as a result of a consumer problem are less likely to get the problem resolved. Only 10% of those who faced severe financial harm as a result of the problem felt the problem was resolved to their satisfaction, compared with over a third (36%) overall.

Figure 18: Do the most disruptive problems get resolved?

Outcome of consumer problems for consumers reporting financial or wellbeing impacts



Source: Survey of 3196 people who experienced one or more consumer problems within the past 12 months. Conducted on behalf of Citizens Advice (September 2017).

Similarly, only 16% of respondents who said the problem led to a worsening of their mental health and 21% who found it more difficult to manage day-to-day said their problem had been resolved to their satisfaction.

Difficulties getting a problem resolved tended to make those we spoke to feel frustrated or powerless. Several felt they were not being heard. One participant described how the company she was dealing with behaved disrespectfully towards her, making her feel that the problem was her fault.

“They're so smug. They way they treat me when I phone them up. They say I'm confused, all sorts of excuses... and the worst thing is, they're still doing this to people” **Mary**

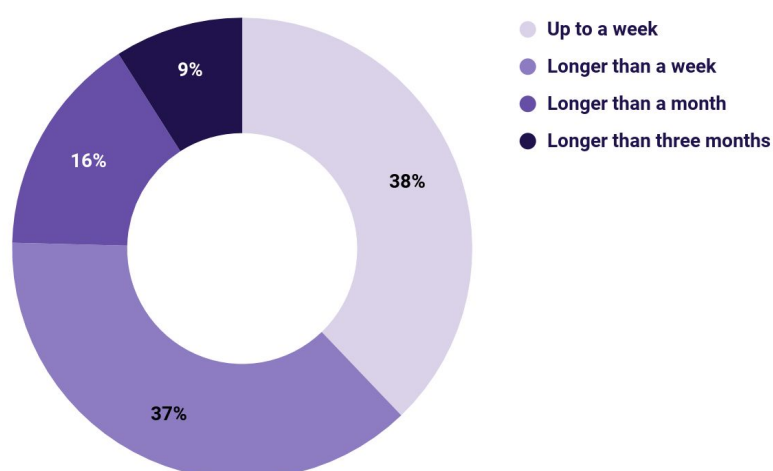
Previous studies have demonstrated how satisfaction with the redress process is influenced by whether people got the result they thought was right, rather than what they were legally entitled to.⁶ It is therefore worth bearing in mind that respondents who faced substantial knock-on effects may be less satisfied with the result because they did not feel the redress they received was commensurate with the impact on their lives.

How long do people have to wait?

Getting a consumer problem resolved can be a complex and time-consuming process. Nearly one in ten (9%) consumers wait more than three months for their problem to be resolved.

Figure 19: How long do consumer problems take to resolve?

Length of time reported by respondents before consumer problem was resolved



Source: Responses from 2029 people whose consumer problems were successfully resolved. Conducted on behalf of Citizens Advice (September 2017).

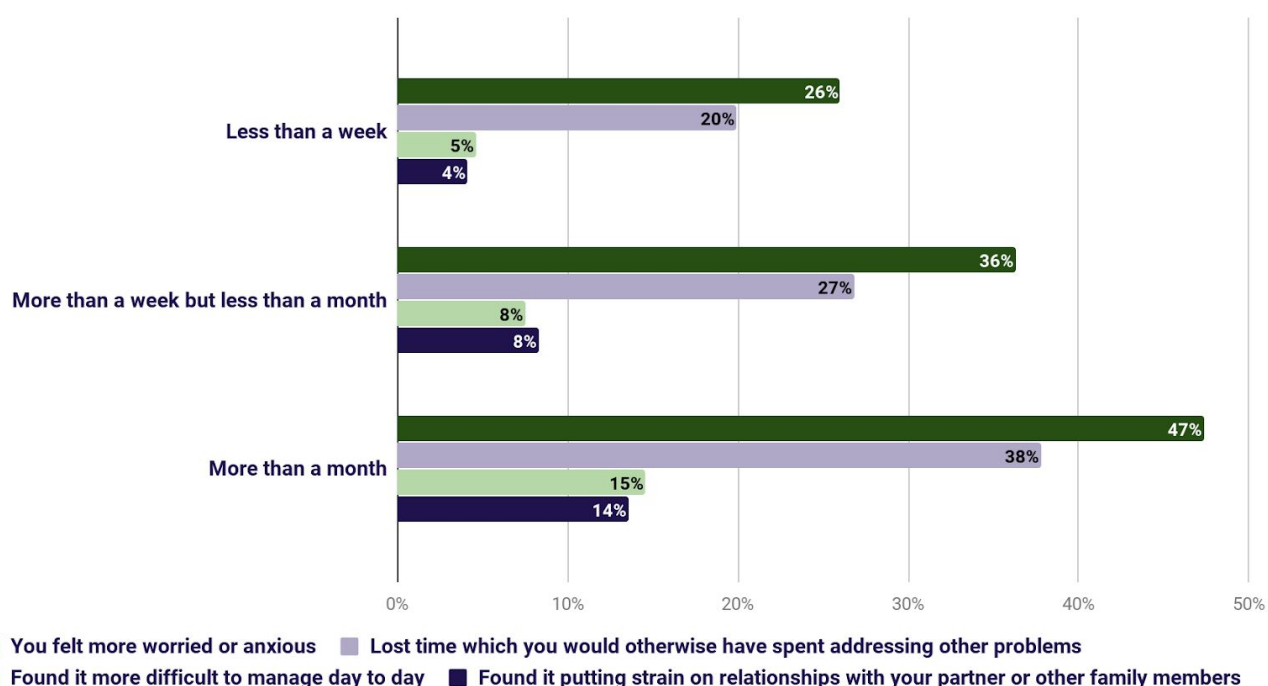
⁶ [Citizens Advice \(2017\) Confusion, gaps and overlaps](#)

Although three-quarters of respondents (75%) who had their problem resolved said it was resolved within a month, a significant minority (16%) waited longer than a month.

The impact that consumer problems have on people's lives is often exacerbated by a long, drawn-out process trying to get redress. Many knock-on effects, particularly those that affect people's wellbeing, tend to escalate the longer people wait for a resolution.

Figure 20: How does impact on wellbeing escalate over time?

Proportion reporting impact on wellbeing by time until problem was resolved



Source: Responses from 2029 people whose consumer problems were successfully resolved. Conducted on behalf of Citizens Advice (September 2017).

As shown in Figure 20, nearly half (47%) of people who waited more than a month for their problem to be resolved said they felt more worried or anxious as a result. This is close to double the proportion of those problem was resolved in less than a week. Furthermore, those who waited more than a month were three times more likely to say that they found it more difficult to manage day-to-day (15% compared with 5% of those waiting less than a week).

This anxiety was reflected in the experiences of the people we spoke to. Many found themselves preoccupied with the consumer problem they faced, particularly as, in many cases, it required them to engage with it on a daily basis. In some cases, this made it more difficult for those we spoke to to continue seeking redress. One participant had not yet complained to the trader in

question because she was facing challenges in other areas of her life, and did not have the time or energy to address the problem immediately.

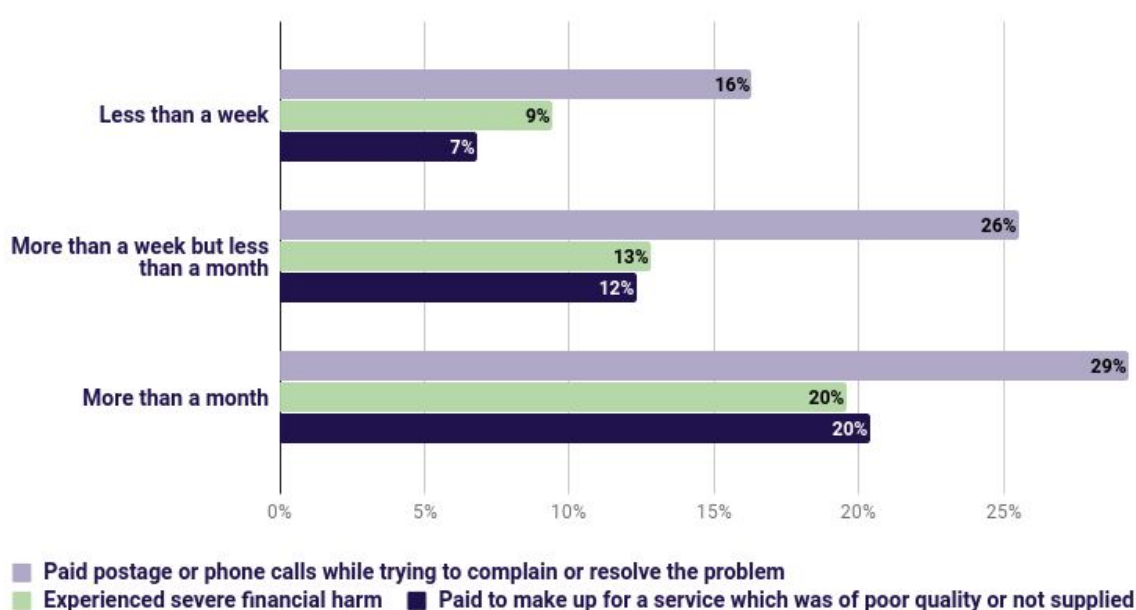
'I've been anxious...I couldn't face dealing with it' **Hannah**

Several participants said that the company's inability to meet set deadlines contributed to their increased sense of anxiety. As well as causing significant uncertainty, this meant that their problems tended to be more drawn out.

Our data also shows that financial costs are more likely to impact the longer it takes for a problem to be resolved. While 16% of people who waited less than a week reported paying for postage or phone calls, the figure rises to 29% among those who waited more than a month. Those waiting more than a month were also nearly three times more likely to have to pay to make up for a service which was of poor quality or not supplied. Furthermore, one in five (20%) respondents who waited more than a month for their problem to be resolved experienced severe financial harm.

Figure 21: Impact on finances by length of time until problem resolved

Proportion reporting impact on finances by time until problem was resolved



Source: Responses from 2029 people whose consumer problems were successfully resolved. Conducted on behalf of Citizens Advice (September 2017).

This trend reflects two things. First, resolution processes which are complicated or slow-moving make it more likely that consumers have to spend time following up on the problem, incurring costs as a result. Several participants had spent a significant amount of time on the phone waiting to be put through to the right person. For instance, when one participant tried to make calls during her lunch

break, she was repeatedly put on hold, and found she had to return to work before the call was picked up.

Second, where the issue is with a problem or service which is an everyday essential - such as electricity or transport - the expenses can stack up over time. Consumers often have no option but to pay for an alternative to tide them over while the problem is resolved. For example, they might buy an electric heater whilst their gas supply is being fixed, or use public transport or taxis whilst their vehicle is out of service.

"The longer it goes on... the longer I'm struggling financially" **Rachel**

This may also help to explain why a small proportion of consumers are taking on additional debts as a result of the problem they face. Whilst those with savings can use this financial buffer to absorb upfront costs or pay for an alternative to minimise the impact, others can struggle to cope with increasing costs.

Conclusions - Strengthening the consumer voice

Consumer problems are common, costly and disruptive. People spent more than 1.2 billion hours dealing with consumers problems in 2015 at an estimated cost of £440 for every adult in the UK.⁷ Looking at the bigger picture, consumer problems cost the UK economy around £23 billion a year - equivalent to 2% of overall consumer spending.

As this research has shown, this manifests as real harm caused in people's day to day lives. Around 3.2 million people were forced to miss time from work over the past year because of a consumer problem. One in seven (16%) face a severe financial impact like falling behind on household bills or getting into debt, while a third (37%) felt more worried or anxious as a result of the problem they faced. And, although consumer problems affect us all, the most vulnerable consumers are often those most likely to see harmful knock-on effects. More than half (56%) of people with a mental health condition said they felt worried or anxious as a result of a consumer problem whilst nearly a third (30%) of people with no savings or low disposable income reported severe financial knock-on effects.

Consumer problems are, to some extent, inevitable. But it's clear that existing consumer rights and legislation are inadequate, not only for reducing the incidence of consumer problems but also for minimising their impact on consumers. Only a third (36%) of consumers said their problem was resolved to their satisfaction, whilst a further 28% said it was only resolved after a long struggle. People who waited longer than a month for their problem to be resolved are twice as likely to report severe financial impacts as those who wait less than a week (20% and 9% respectively) and three times as likely to say they found it more difficult to manage day to day (15% and 5% respectively)

It often feels like the odds are stacked against consumers. The asymmetry of information and resources that exists between businesses and their customers means that people's power to resolve problems is too often dwarfed by that of the companies they deal with. People rarely have the time and energy outside of their usual work and family lives to pursue compensation, particularly when the don't stand to gain very much.⁸ They tend to lack the information and legal authority to go up against a company by themselves, even if they wanted to. It's also hard for people to escalate a problem when going to court is costly and time-consuming, whilst alternative dispute resolution (ADR) schemes are complex and inconsistent.⁹

⁷ [Citizens Advice \(2016\) Consumer detriment: Counting the cost of consumer problems.](#)

⁸ [Citizens Advice \(2016\) Understanding Consumer Experiences of Complaint Handling.](#)

⁹ [Gill et al. \(2017\) Confusions, gaps and overlaps.](#)

All of the above makes it difficult for people who experience consumer problems to make themselves heard. And if consumers can't force a company to address the problem, they end up taking the costs on themselves. That harm manifests an elderly woman being left distraught and vulnerable when a trader fails to install the stairlift she has paid for. It forces a hard-working manager having to stay in a hotel and wash her clothes at work when shoddy plumbing work floods her out of her home. It leaves new parents cut off from family and unable to work from home when their broadband service is not installed.

What is Alternative Dispute Resolution (ADR)?

ADR refers to the alternatives to litigation available to resolve a consumer dispute - non court-based solutions. It can cover both adjudicative decisions, where parties agree to be bound by the independent arbiter, conciliation and mediation, where the aim is to reach agreement. Ombudsman schemes are a type of ADR that often combine these features.

But this inertia on the part of businesses is bad for consumer markets as well. Being able to overlook or minimise the costs of consumer problems reduces incentives for companies to innovate and improve. Customers who cannot get their problems resolved are left feeling overlooked and powerless. It undermines people's confidence in the businesses and markets they engage with every day. Meanwhile, companies miss out on information which could help them to enhance the service they provide and become more competitive.

Strengthening the voices of consumers is key to minimising the harm caused by consumer problems and reducing the likelihood that people will face these problems in future. The Government should use the upcoming consumer Green Paper to put power back into the hands of consumers and help make markets work for ordinary people. Two approaches would help reduce the incidence of consumer problems and shift the burden of responsibility away from individual consumers when problems do occur.

Simplifying and improving processes for resolving consumer problems

The financial and emotional harm caused by consumer problems is exacerbated by long, drawn-out processes for resolution. What is more, when consumers do not have the power to get redress, companies get away with providing poor quality goods or substandard services with no fear of repercussions. To remedy this, we recommend:

- 1. Extending mandatory Alternative Dispute Resolution (ADR) across all consumer markets.**

Where a company has proved unwilling to address a problem, non-court-based solutions - Alternative Dispute Resolution (ADR) schemes - are the most realistic option for many consumers to get redress. However, organisations operating in non-essential services can currently choose whether or not to participate in an ADR scheme. Many decide not to, which leaves consumers with nowhere to turn. Extending mandatory ADR would give all consumers a clear path for complaints.

2. Extending automatic compensation to all essential markets where this is possible and practical to do so.

The financial cost and time associated with pursuing a claim for compensation means that some consumers are simply not claiming the redress they are due. In some essential markets - such as water and parts of the energy market - compensation is mostly automated. This means that where customers are entitled to compensation, they do not have to make a claim. We recommend that automatic compensation should be extended to all other essential markets where this is possible and practical to do so. Citizens Advice is currently conducting research to highlight best practice and look at where compensation could be automated within essential services.

Strengthening and joining-up the consumer advocacy landscape

The landscape for consumer advice and advocacy is uneven and inconsistent. Consumers need strong, joined-up representation which can act as a counterbalance to narrow sectoral interests. Properly funded, independent advocacy brings consumer voices together and ensures that individuals have an organisations with comparable resource fight their corner. We recommend:

1. Establishing a dedicated advocate for telecoms consumers

Telecoms is one major essential service that currently lacks a dedicated, independent advocate. Problems in telecoms markets are by far the most common for UK consumers. This research shows that almost 1 in 5 (18%) people faced severe financial impacts as a result of a telecoms problem. Meanwhile, less than a third (29%) of people say their telecoms problem was resolved to their satisfaction. A dedicated telecoms advocate would help highlight consumer problems, supply information and insight to help companies become more efficient and competitive, and do joined-up work with other statutory advocates to provide cross-sector learning.

Appendix: Methodology

In order to explore the impact that consumer problems have, we conducted a programme of quantitative and qualitative research.

- A survey of 5,168 British adults, conducted by DJS Research
- Case study interviews with seven people who had recently experienced consumer problems

Survey methodology

Citizens Advice commissioned DJS Research to conduct a survey of 5,168 British Adults. Fieldwork was carried out in September 2017, with all participants recruited from consumer panels.

All respondents answered a series of screener questions which collected demographic information and information on whether they had experienced a consumer problem over the last 12 months.

The 3,196 participants who *did* report having a consumer problem were asked additional questions relating to their most recent consumer problem and its impact on their lives, plus additional background information. Data were weighted to be representative of the population who experienced consumer problems. This is the data used throughout this report.

Case study interviews

We undertook seven in-depth qualitative interviews with people who had experienced a consumer problem within the past two years. Participants were recruited to provide insight into the impact of a range of consumer problems and their effect on different groups of people. Interviews took place during November 2017.

Qualitative interviews were conducted for the purpose of producing case studies of the impact of consumer problems and, as such, are not representative of the general population. Participants were recruited through an online survey advertised on the Citizens Advice website. Interviews were a mix of face-to-face and phone, and participants were from a range of locations across England. Names have been changed throughout to preserve anonymity.

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